

**MINUTES OF REGULAR MEETING - VIDEO
OPEN SESSION
September 20, 2012
ILLINOIS GAMING BOARD
CHICAGO, ILLINOIS**

NOTE: ITEMS IN **BOLDFACE PRINT** REFLECT OFFICIAL BOARD ACTIONS

On Thursday, September 20, 2012 a Regular Meeting - Video of the Illinois Gaming Board ("Board") was held on the 2nd floor at 110 W. Randolph at the JRTC Building, Chicago, Illinois. The Open Session on Video Gaming started at approximately 10:39 A.M. Present were Chairman Aaron Jaffe, Members Lee Gould, Michael Holewinski and Maribeth Vander Weele.

APPROVAL OF MINUTES – Open Session

Member Gould moved that **the Board approve the open session minutes of its Regular Meeting of August 16, 2012.** Member Vander Weele seconded the motion. The Board approved the motion unanimously by roll call vote.

CHAIRMAN'S COMMENTS -

The Chairman stated that the testing process is complete.

ADMINISTRATOR'S COMMENTS –

Administrator Ostrowski stated that the Central Communication System is in place, we have 8 test sites; only a third of the terminal operators have their financial information back to the Board.

BOARD POLICY ITEMS

Caleb Melamed – Legislative Liaison to the Board.

Sections 78 (a) (3) and (b) of the Video Gaming Act grant to the Illinois Gaming Board both regular and emergency rulemaking authority regarding the Video Gaming Act. At the September 20, 2012 open meeting of the Illinois Gaming Board, the Board's legal staff will submit a proposal to amend the Board's rules on video gaming [11 Ill. Admin. Code 1800] as follows:

The Board shall disable video gaming terminals ("VGTs") operated by terminal operators who is more than 48 hours overdue in making tax payments.

Section 60 (e) of the Video Gaming Act [230 ILCS 40/60 (e)] currently requires terminal operators to report and remit taxes on net terminal income within 15 days after the 15th day of each month and within 15 days after the end of each month. Under Section 1800.250 of the video gaming rules, terminal operators must "maintain a separate bank account for each licensed

video gaming location for deposit of aggregate revenues generated from the play of video gaming terminals and allow for electronic fund transfers for tax payments.”

The proposed rulemaking adds a new Section 1800.1510 to the video gaming rules directing the Administrator to disable video gaming terminals operated by a terminal operator who is more than 48 hours overdue in remitting taxes due to non-sufficient funds in its separate bank account. It also specifies that such a terminal operator shall be liable for the penalty assessment of 1.5 percent a month on the unpaid balance currently imposed by Section 60 (e) of the Act.

In addition, the rulemaking provides that a terminal operator who is more than 48 hours overdue in making a tax remittance shall be subject to disciplinary action by the Board under existing Section 1800.310 a) 13) of the video gaming rules.

Finally, the rulemaking provides that the provisions of the new section shall not apply when the delay in tax remittance has been caused by an error of a financial institution.

- **Proposed Amendment to the Video Gaming Rules – Section 1800.1510**

Member Holewinski moved that **the Board authorize staff to submit a proposal to amend the Board’s rules on video gaming: Section 1510 regarding Non-payment of Taxes for First Notice Filing with the Secretary of State upon final review and approval by the Administrator.** Member Gould seconded the motion. The Board approved the motion unanimously by roll call vote.

PUBLIC COMMENTARY –

Kathy Gilroy –

Good morning, Chairman Jaffe, Board members and staff. I speak as a member of the public. I have the utmost respect for you, Chairman Jaffe, and will try not to antagonize you this time. I am here to make three requests regarding the roll-out of video gambling.

My first request is regarding signage for licensed video gambling locations. The conductors of every type of gambling that has been legalized so far in Illinois, race tracks, the Lottery, bingo, off-track betting parlors and casinos, are required by law to post signs, telling how someone may obtain assistance for a gambling problem. Unfortunately, that requirement was not included in the Video Gaming Act. Yet, slot machines are known as the “crack cocaine” of gambling. In addition, what is commonly called “convenience gambling”, which is slot machines in neighborhood locations, is the most addictive of all. That is exactly what has been authorized by the Video Gaming Act. Certainly, if signage for problem gambling is required for less addictive forms of gambling, it should also be required for video gambling. I realize that this is not the legislature, and you cannot change the law. But, after discussing this with your Administrator, Mark Ostrowski, he suggested that I bring this issue to the Board’s attention today and ask. When even once per year Las Vegas nights are required to have such signs on their temporary premises, is there some way that similar signs can be posted in these permanent licensed video gambling locations, in the area where the video gambling machines are located? I’m sure that

there will be many video gamblers who will need that crucial information. It would be a great service to the public to provide it on the premises where it is needed.

I will tell you a story to illustrate my second request. A couple of weeks ago, I called a police department in an Illinois town about 100 miles from here and asked the officer who answered the phone about gambling machines. Here is what he told me. He said that now those machines are legal. They just have to be where they can be seen and not in a back room. He said that each bar was allowed up to five machines. He then asked another officer when that took place. They agreed on “a couple of months ago”. He had no clue that there was a difference between the old grey machines and the legal video gambling machines that you are licensing. He did not know of the Gaming Board’s website. When I told him there was a press release directed to police departments, he could not find it. So, I would like to request that the link called “Central Communication System Deemed Functional” be re-titled to a more explanatory name, such as “Notice to Local Police Departments” or “Grey Machine Possession Is Now a Felony”, something along those lines. Especially for someone who has never been to your site before, it will make it much easier to find.

My third request is an extension of the previous one. My guess is that most of the police departments in Illinois are as clueless about gambling machines as the officer I spoke with. I’m sure that there is a database somewhere of all of the Illinois police departments. Could someone email that press release to that entire database and request that it be posted where all of the officers would see it? That would be much more proactive than waiting for a complaint or problem and then trying to educate each individual police department and each individual police officer.

Mel P. Thillens, Thillens Inc. –

Mr. Thillens addressed the Board expressing his concern regarding armored car companies not being licensed. Mr. Thillens commented that the armored car service assists terminal operators in payout systems. Mr. Thillens stated that he feels it is necessary to license armored car companies. Mr. Thillens has concerns about the security of the industry; he wanted to address this to the Board.

Robert Riffle - attorney

Mr. Riffle addressed the Board and staff regarding Social Clubs and inquired why they cannot be licensed to be “establishments” for the video gambling machines. He said; specifically, there is no provision in the statute prohibiting “Social Clubs” from being licensed. Mr. Riffle states that “Social Clubs” have liquor licenses so they should be able to be licensed by the Board for video gambling. Social Clubs are seeking consideration from the Board and staff.

MANUFACTURER, DISTRIBUTOR AND SUPPLIER LICENSEE ITEMS

- **VGT Manufacturing, Inc. – Renewal of Manufacturer License**
Based on staff’s investigation, Member Vander Weele moved that **the Board renew the Manufacturer License of VGT Manufacturing, Inc. effective September 20,**

2012 for a period of one year, expiring in September 2013. Member Holewinski seconded the motion. The Board approved the motion unanimously by roll call vote.

- **VGT Manufacturing, Inc. – Initial Distributor License**

Based on staff's investigation, Member Gould moved that **the Board approve VGT Manufacturing, Inc. for a Distributor License, effective September 20, 2012 for a period of one year, expiring in September 2013.** Member Holewinski seconded the motion. The Board approved the motion unanimously by roll call vote.

- **PDS Gaming-Illinois, LLC – Initial Distributor License**

Based on staff's investigation, Member Holewinski moved that **the Board approve PDS Gaming-Illinois, LLC for a Distributor License, effective September 20, 2012 for a period of one year, expiring in September 2013.** Member Vander Weele seconded the motion. The Board approved the motion unanimously by roll call vote.

TERMINAL OPERATOR LICENSEE ITEMS

- **Bell Gaming LLC; Cadence Video Gaming Corporation; and VGT Illinois, LLC**

Based on staff's investigation, Member Vander Weele moved that **the Board approve Bell Gaming LLC; Cadence Video Gaming Corporation; and VGT Illinois, LLC for Terminal Operator Licenses effective September 20, 2012 for a period of one year, expiring in September 2013.** Member Holewinski seconded the motion. The Board approved the motion unanimously by roll call vote.

- **Spooner Amusement Inc.**

Based on staff's investigation, Member Gould moved that **the Board deny the Terminal Operator License application of Spooner Amusement Inc.** Member Vander Weele seconded the motion. The Board approved the motion unanimously by roll call vote.

TECHNICIAN & TERMINAL HANDLER LICENSEE ITEMS

- **Technician and Terminal Handler Licenses – Approvals & Denials**

Based on staff's investigation, Member Holewinski moved that **the Board approve 13 applications for Technician Licenses and 103 applications for Terminal Handler Licenses.** Member Gould seconded the motion. The Board approved the motion unanimously by roll call vote.

VIDEO GAMING LOCATION LICENSEE ITEMS

- **Video Gaming Location Licenses – Approvals & Denials**

Based on staff's investigation, Member Vander Weele moved that **the Board approve 157 applications for Video Gaming Location Licenses.** Further, Member Vander Weele moved that **the Administrator issue a Notice of Denial to the following Video Gaming Location License Applicants:**

- **VFW Post 6368 in Dupo, Illinois**
- **Wayfree Corp. d/b/a Maneuvers**
- **The Frosty Mug, Inc. d/b/a The Frosty Mug**
- **Diana J. Young d/b/a Monkey Business**
- **JCH, Inc. d/b/a J.J.'s 610 Tap**

Member Holewinski seconded the motion. The Board approved the motion unanimously by roll call vote.

- **Minier Lanes, Inc. d/b/a Minier Lanes**

Based on staff's investigation, Member Gould moved that **the Board approve Minier Lanes, Inc. d/b/a Minier Lanes for a Video Gaming Location License effective September 20, 2012 for a period of one year, expiring in September 2013.** Member Holewinski seconded the motion. Member Vander Weele opposed the motion. Chairman Jaffe was in favor of the motion. The motion passed 3 to 1.

- **Pekin's Hole in the Wall, Inc. d/b/a Hole in the Wall**

Based on staff's investigation, Member Holewinski moved that **the Board approve Pekin's Hole in the Wall, Inc. d/b/a Hole in the Wall for a Video Gaming Location License effective September 20, 2012 for a period of one year, expiring in September 2013.** Member Gould seconded the motion. Member Vander Weele opposed the motion. Chairman Jaffe was in favor of the motion. The motion passed 3 to 1.

- **B J's Place, Ltd. d/b/a B.J.'s Place**

Based on staff's investigation, Member Gould moved that **the Board approve BJ's Place, Ltd. d/b/a BJ's Place for a Video Gaming Location License effective September 20, 2012 for a period of one year, expiring in September 2013.** Member Holewinski seconded the motion. Member Vander Weele opposed the motion. Chairman Jaffe was in favor of the motion. The motion passed 3 to 1.

- **Robert L. Miller d/b/a Trust Me Tavern**

Based on staff's investigation, Member Vander Weele moved that **the Board rescind its August 16, 2012 Motion to deny Robert L. Miller d/b/a Trust Me Tavern's application for a Video Gaming Location License.** Member Vander Weele further moved that **the Board approve Robert L. Miller d/b/a Trust Me Tavern for a Video Gaming Location License effective September 20, 2012 for a period of one year, expiring in September 2013.** Member Gould seconded the motion. The Board approved the motion unanimously by roll call vote.

- **Boss', Inc. d/b/a Boss' Lounge**

Based on staff's investigation, Member Holewinski moved that **the Board rescind its August 16, 2012 Motion to deny Boss', Inc. d/b/a Boss' Lounge's application for a Video Gaming Location License.** Member Holewinski further moved that **the Board approve Boss', Inc. d/b/a Boss' Lounge for a Video Gaming Location License effective September 20, 2012 for a period of one year, expiring in**

September 2013. Member Vander Weele seconded the motion. The Board approved the motion unanimously by roll call vote.

ADMINISTRATIVE HEARINGS

- **Requests for Hearing –Clam 1, Inc. d/b/a Cam’s Place**

Based on staff’s investigation, Member Vander Weele moved that **the Board deny the request for hearing of Clam 1, Inc. d/b/a Cam’s Place, as it has not offered facts that establish a prima facie case.** Member Holewinski seconded the motion. The Board approved the motion unanimously by roll call vote.

- **Requests for Hearing – Illinois Gaming Investments, LLC; Illinois Hospitality Gaming, LLC; Prestige Gaming, LLC; CSR Gaming, LLC; Action Gaming, LLC; AAA Gaming, LLC; and Ace Gaming of Illinois, LLC**

Based on staff’s investigation, Member Gould moved that **the requests for hearing of Illinois Gaming Investments, LLC; Illinois Hospitality Gaming, LLC; Prestige Gaming, LLC; CSR Gaming, LLC; Action Gaming, LLC; AAA Gaming, LLC; and Ace Gaming of Illinois, LLC be denied as they have not offered facts that establish a prima facie case.** Member Vander Weele seconded the motion. The Board approved the motion unanimously by roll call vote.

- **In Re: the Denial of the Terminal Operator License Application of Midwest Amusement & Gaming, Inc.**

Pursuant to Section 690 of the Board’s Adopted Rules, Member Holewinski moved **for the adoption and entry of a Final Board Order adopting the Administrative Law Judge’s Recommendation and granting a Terminal Operator license to Midwest Amusement & Gaming, Inc.** Member Gould seconded the motion. The Board approved the motion unanimously by roll call vote.

At 11:22 A.M. Member Vander Weele motioned to adjourn and Member Holewinski seconded the motion. All Members voted in favor of adjournment.

Respectfully submitted,

Mary C. Boruta
Secretary to the Administrator